



Testimony before the Public Safety and Security Committee

Gene Chabrier, Xpressbet, Inc.

H.B. No. 5395

March 3, 2020

Sen. Bradley, Rep. Verrengia, Sen. Hwang, Rep. Sredzinski and other committee members – thank you for the opportunity to testify before you today on HB 5395, which deals with an essential issue of fairness and one which will determine whether or not we and other companies that offer advance deposit wagering (“ADW”) will be able to offer our services in a competitive manner in the state of Connecticut.

My name is Gene Chabrier, I am the Vice President, Regulatory Affairs & Business Development at Xpressbet, LLC, which provides pari-mutuel wagering services that enable account holders to watch and wager on thoroughbred, harness, and quarter horse racing through online, phone, and mobile devices. It also provides handicapping resources, such as daily picks, wagering guides, newsletters, blogs, and columns. The company was founded in 2002 and is based in Washington, Pennsylvania. It provides wagering service to nearly 300 racetracks in North America, Australia, Europe, South Africa and the Middle East.

Last year, in H.B. 7424 – the 567-page budget bill – a change was made which gave the exclusive rights to ADW to one company – Sportech – which is a competitor. Just days before the effective date of the section effecting ADW, we received a letter from Sportech demanding that we pay them before continuing to operate in Connecticut. The letter is attached to my testimony.

To provide some background – Congress passed the Interstate Horseracing Act (“IHA”) in 1978 and consequently has jurisdiction on interstate horseracing and off track betting. The IHA assumes there will be no need for the state to play a role in interstate transactions between private entities in this industry. Consequently, the language passed last year violates federal law. It is also clear that the change made last year violates the Commerce Clause.

An arrangement like this does not exist anywhere else in the country. This concept – never mind the specific language – never had a public hearing, nor did it go through the normal legislative process. We understand this happens sometimes, but with a harsh change like this, that gives one private company the exclusive right to a market, we think the process should have been more transparent. Today, you are having another debate on sports betting. Just imagine what the reaction would be if you had given the exclusive right to sports betting to one entity, without any debate or discussion, *and* made the change in the budget implementer. That is what happened to us.

Thank you again and I am happy to answer any questions.



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VIA EMAIL and FEDEX

September 19, 2019

XpressBet
Richard Penden
Co-President
200 Racetrack Road
Building 26
Washington, PA 15301

RE: Advance Deposit Wagering / Connecticut
Notice of Law Change Effective October 1, 2019

Dear Mr. Penden:

I am writing to both notify you of an important law change in Connecticut and to propose commercial discussion regarding the same.

Sportech Venues Inc. ("Sportech") holds the exclusive and perpetual license to conduct pari-mutuel wagering in the State of Connecticut by virtue of a certain Purchase Agreement dated on or about June 30, 1993. Most recently, the Connecticut Legislature and Governor enacted law, which shall become effective as of October 1, 2019, confirming said rights and elucidating that only Sportech shall conduct off-track betting in the State, or accept off-track betting wagers, or advance deposit wagers originating or placed from within the boundaries of the State of Connecticut. Violation of said laws now elicits criminal and civil penalties (including treble damages) in the State of Connecticut and is further inapposite of a bevy of federal laws prohibiting said illegal behavior.

Upon information and belief, we understand that your entity has been accepting Connecticut wagers and may desire to continue the practice after October 1, 2019. Along those lines, Sportech has been examining possible arrangements that may facilitate your continued operations upon agreed commercial terms. We would welcome the opportunity to discuss the situation and possible solutions further; please contact either the undersigned or Ted Taylor at ted.taylor@sportech.net or at 203-751-1585 so that we may arrange a discussion.

No license or waiver of any kind should be construed by this correspondence.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Pingel', written over a horizontal line.

Richard W. Pingel
Chief Legal Officer
Sportech PLC



rich.pingel@sportech.net

cc (via email only):

Ted Taylor, President, Sportech Venues Inc.

Richard McGuire, Chief Executive Officer, Sportech PLC